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RECEIVED

DEC 27 2004

Form 3160-3
(April 2004)

DIV. OF OIL, GAS & MINING

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

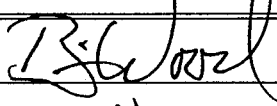
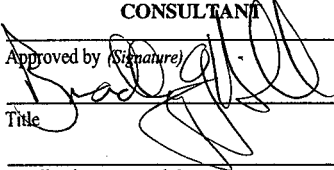
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU-076772
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator ST OIL COMPANY		7. If Unit or CA Agreement, Name and No. N/A
3a. Address 1801 BROADWAY, SUITE 600 DENVER, CO 80202	3b. Phone No. (include area code) (303) 296-1908	8. Lease Name and Well No. FEDERAL 2-31
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 2032 FSL & 908 FWL 645877X 38.132651 At proposed prod. zone SAME 4221636Y -109.335570		9. API Well No. 43-037- 31774
14. Distance in miles and direction from nearest town or post office* 20 AIR MILES NORTH OF MONTICELLO		10. Field and Pool, or Exploratory WILCAT (Ismay & No Name Shale)
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 608'		11. Sec., T. R. M. or Blk. and Survey or Area 31-30S-24E SLM NWSW
16. No. of acres in lease 479.78		12. County or Parish SAN JUAN
17. Spacing Unit dedicated to this well LOT 3 (= NWSW)		13. State UT
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 211' (ST's 1-31)		19. Proposed Depth 7,150'
20. BLM/BIA Bond No. on file BLM LEASE WIDE UTB000055		
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5,812' GL		22. Approximate date work will start* 02/01/2005
		23. Estimated duration 5 WEEKS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) BRIAN WOOD	Date 12/18/2004
Title CONSULTANT		
PHONE: (505) 466-8120 FAX: (505) 466-9682		
Approved by (Signature) 	Name (Printed/Typed) BRADLEY G. HILL	Date 12-28-04
Title ENVIRONMENTAL SCIENTIST III		

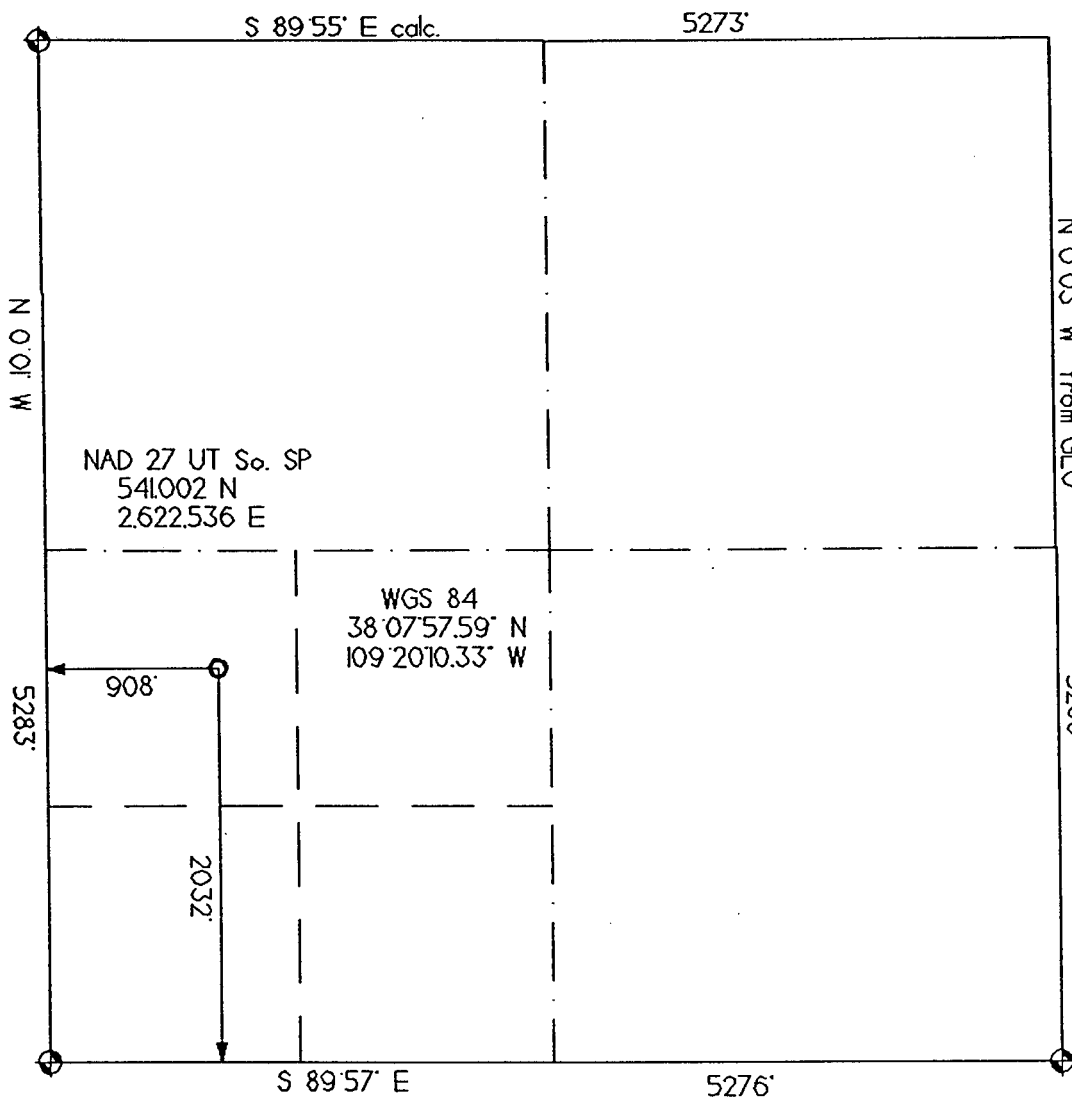
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

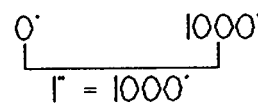
CONFIDENTIAL - TIGHT HOLEFederal Approval of this
Action is Necessary



Well Location Plat



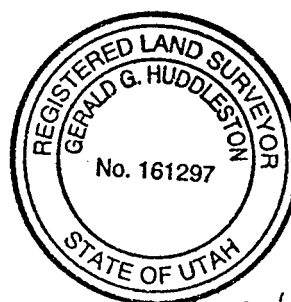
NORTH



⊕ found brass cap

Well Location Description

ST OIL COMPANY
Federal 2 - 31
2032' FSL & 908' FWL
Section 31, T.30 S., R.24 E., SLM
San Juan County, UT
5812' grd. el. (from GPS)



10/18/'04

Gerald G. Huddleston

Gerald G. Huddleston, LS

The above is true and correct to my knowledge and belief.

ST Oil Company
 Federal 2-31
 2032' FSL & 908' FWL
 Sec. 31, T. 30 S., R. 24 E.
 San Juan County, Utah

PAGE 1

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Drilling Program

1. FORMATION TOPS

The estimated tops of important geologic markers are:

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Elevation</u>
Entrada Sandstone	00'	14'	+5,812'
Carmel	346'	360'	+5,466'
Navajo Sandstone	466'	480'	+5,346'
Kayenta Sandstone	742'	756'	+5,070'
Wingate Sandstone	806'	820'	+5,006'
Chinle Shale	1,066'	1,080'	+4,746'
Shinarump	1,226'	1,240'	+4,586'
Moenkopi	1,268'	1,282'	+4,544'
Cutler Sandstone	1,485'	1,499'	+4,327'
Honaker Trail	3,132'	3,146'	+2,680'
Paradox Shale	4,604'	4,618'	+1,208'
Upper Ismay	4,620'	4,634'	+1,192'
Hovenweep Shale	4,742'	4,756'	+1,070'
Lower Ismay	4,776'	4,790'	+1,036'
Gothic Shale	4,874'	4,888'	+938'
Desert Creek	4,934'	4,948'	+878'
Top of Salt	4,955'	4,969'	+857'
Chimney Rock shale	5,132'	5,144'	+680'
Barker Creek	6,019'	6,033'	-207'
No Name Shale	7,033'	7,047'	-1,221'
Total Depth (TD)	7,150'	7,164'	-1,338'

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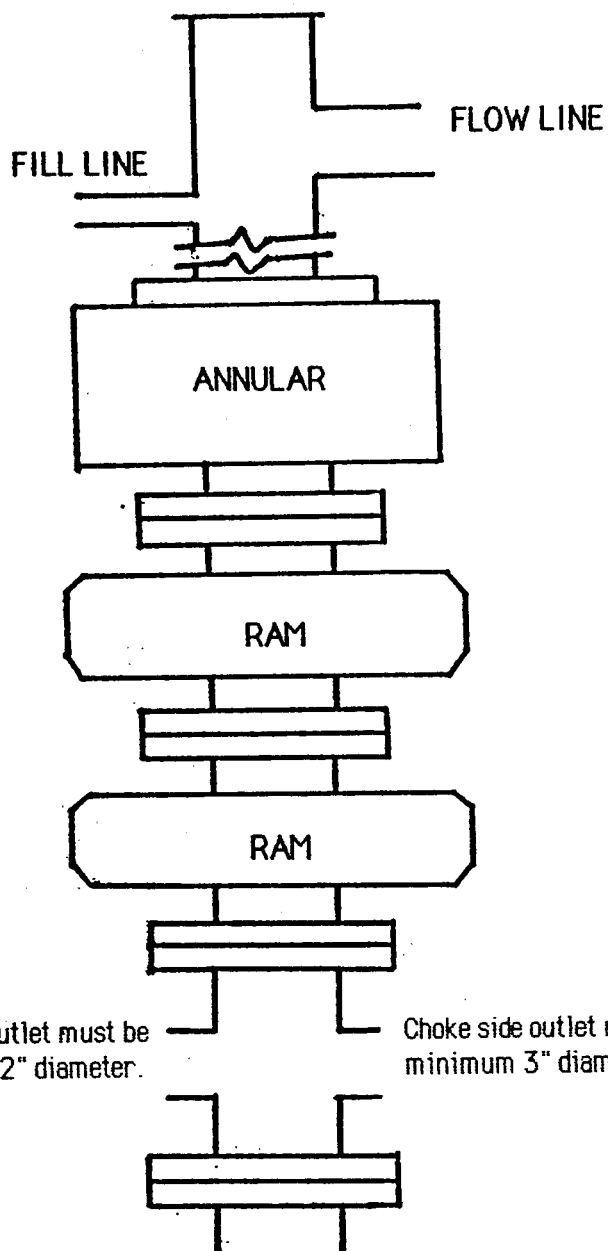
2. NOTABLE ZONES

Oil and gas goals are the Ismay carbonate and No Name shale. Fresh water may be found in the Entrada to Navajo interval. Uranium may be found in the Chinle.

3. PRESSURE CONTROL

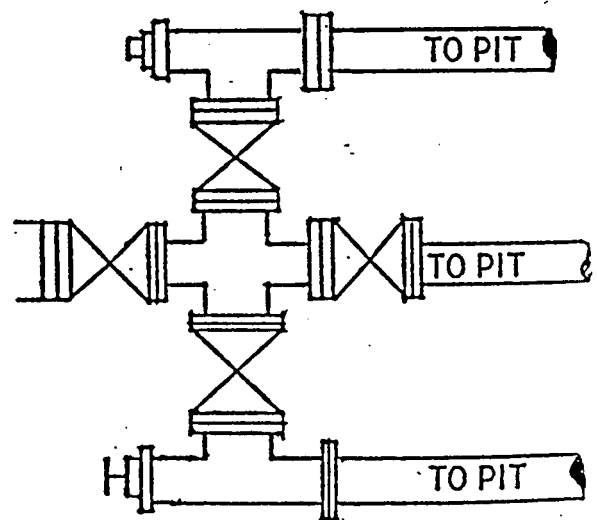
A 13-5/8" 3,000 psi double ram and annular preventer with a 3,000 psi choke manifold will be used. A diagram of a typical BOP is on Page 3. Actual model will not be known until bid is let. Procedures are ...

- Call BLM at (435) 587-1525 and the Utah Division of Oil, Gas, & Mining at (801) 538-5340 before testing BOPs
- Nipple up BOP and all equipment
 - Test to ≈ 250 #/ $\approx 3,000$ #
 - Test Hydril to $\approx 2,000$ psi
 - Log in I. A. D. C. book
- Drill 1/2 of shoe joint
 - Test to $\approx 1,500$ psi for 30 minutes
 - Log in I. A. D. C. book
- Activate BOPs every 24 hours or on trips and log in I. A. D. C. book
- Install hand wheels and lay straight flare lines before drilling out
- Conduct weekly BOP drills with each crew and log in I. A. D. C. book
- Have floor valve and wrench on floor at all times
 - Floor valve must be in open position
- Before drilling surface casing shoes, blind rams will be closed. BOP and surface casing will be pressure tested to $\approx 1,500$ psi for a total test time of 30 minutes if not previously tested by Halliburton during cement job.
- Studs on all well head and BOP flanges will be checked for tightness weekly
- Hand wheels for locking screws will be installed and operational
- Entire BOP and well head assembly will be kept clean of mud
- A drill stem safety valve in the open position will be available



TYPICAL BOP STACK
& CHOKE MANIFOLD

There will be at least 2 chokes and 2 choke line valves (3" minimum). The choke line will be 3" in diameter. There will be a pressure gauge on the choke manifold.



Kill line will be minimum 2" diameter and have 2 valves, one of which shall be a minimum 2" check valve.

Upper kelly cock will have handle available.
Safety valve and subs will fit all drill string connections in use.
All BOPE connections subjected to well pressure will be flanged, welded, or clamped.

ST Oil Company
Federal 2-31
2032' FSL & 908' FWL
Sec. 31, T. 30 S., R. 24 E.
San Juan County, Utah

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4. CASING & CEMENT

Call BLM at (435) 587-1525) and the Utah Division of Oil, Gas, & Mining at (801) 538-5340 before running casing.

<u>Hole Size</u>	<u>O. D.</u>	<u>Burst</u>	<u>Collapse</u>	<u>Weight</u>	<u>Grade</u>	<u>Thread</u>	<u>Barrel/Foot</u>	<u>Depth</u>
20"	13-3/8"				Conductor Pipe			0' - 60'
12-1/4"	8-5/8"	2,860	1,370	24#	J or K-55	S T & C	0.0773	0' - 1,450'
7-7/8"	5-1/2"	10,560	11,160	23#	L-80	L T & C	0.0211	0' - 40'
7-7/8"	5-1/2"	7,740	6,280	17#	L-80	L T & C	0.0232	40' - 4,900'
7-7/8"	5-1/2"	10,560	11,160	23#	L-80	L T & C	0.0221	4,900' - 7,150'

Surface casing will be cemented to surface with 750 sacks ($\approx 100\%$ excess).

- Use guide shoe and insert float separated by one joint
- Casing fill should be checked at each joint when running
- Place centralizers 5' off the bottom and on the 1st, 2nd, 3rd, & 5th joints
- Baker lock guide shoe on both sides of collar between 1st and 2nd joints
- After casing is run, then circulate at least once until cuttings are clean
- Reciprocate pipe while circulating
- Lead with ≈ 450 sacks Halliburton light standard cement + 2% CaCl_2 + 1/4 pound per sack Flocele mixed at 12.8 pounds per gallon, 1.86 cubic feet per sack, and 8.81 gallons per sack water
- Tail with ≈ 300 sacks standard cement + 1% CaCl_2 + 1/4 pound per sack Flocele mixed at 15.6 pounds per gallon, 1.19 cubic feet per sack, and 5.25 gallons per sack water
- If cement drops from surface, do 1" top job after 2 hours
- Release pressure, if float does not hold, then trap pressure equal to final displacement pressure and hold for 6 hours
- Surface casing can be pressure tested with cementing service pump truck immediately after checking float to 1,500 psi for 30 minutes. This will eliminate testing casing during BOP test.
- W. O. C. time = six hours before nipple up
- Total time = 12 hours before running BOP and drilling out

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Production casing will be cemented to $\approx 1,250'$. Procedures are ...

- All joints are to be inspected for damaged threads, rabbeted, and properly doped with thread compound.
- Two casing joints that are extra long or short will be put into the string near the pay zone for correlation of open hole logs with cased hole logs
- Mill scale and varnish from casing where it crosses any potential pay zones
- Pump 10 bbl mud flush, 10 bbl flush, tail, wash line @ cement head, displace
- Lead with ≈ 530 sacks Halliburton light with 5 pounds per sack gilsonite + 1/4 pound/sack cellophane + 15% salt mixed at 12.5 pounds per gallon, 2.20 cubic feet per sack, and 11.1 gallons per sack water
- Tail with ≈ 270 sacks premium with 5 pounds per sack gilsonite + 0.6 pounds per sack Halad 9 + 0.25 pounds per sack cellophane + 15% salt mixed at 13.5 pounds per gallon, 1.49 cubic feet per sack, and 6.08 gallons water per sack
- Actual volume will be based on caliper log with $\geq 50\%$ excess.
- Halliburton will provide float, plugs, and shoe equipment. A differential fill float shoe will be on the bottom of the string. A differential float collar will be set two joints above the shoe if sufficient rat hole exists below the lowest productive zone.
- Centralizers will be placed on the shoe joint, top of the #2 and #3 joints, and continue through and above the pay zones at $\approx 90'$ intervals.
- Before pumping cement for the first stage, condition the hole until it is clean of cuttings and for ≥ 90 minutes.
- Reciprocate pipe as casing head is installed until the plug is bumped.
- Casing should be reciprocated $\approx 10'$.
- Pipe should be spaced out and sufficient hole exist that there will be no problem if the pipe stops at the top of the stroke.
- Check drag continuously while cementing, particularly after cement leaves casing and starts up outside.
- Displace top plug with fresh water at ≈ 14 barrels per minute.
- Monitor back side for flow for ≈ 2 hours before cutting off.
- Nipple down BOP, set casing slips with full casing string weight, cut off casing, set out BOPE, and install "C" section of well head.

ST Oil Company
Federal 2-31
2032' FSL & 908' FWL
Sec. 31, T. 30 S., R. 24 E.
San Juan County, Utah

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5. MUD PROGRAM

<u>Interval</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>	<u>Type</u>
0-1,450'	8.3 - 8.7	27-32	N/C	Fresh H ₂ O gel lime spud mud, pH 9
1,450'-TD	8.4 - 10.0	38-42	8 cc	Fresh water gel & PHPA, SAPP, etc

Samples will be collected every $\approx 10'$ from $\approx 1,450'$ to TD. Samples will be collected by the rig crew until $\approx 3,500'$. Samples will be collected by a mud logger from $\approx 3,500'$ to TD.

6. CORES, TESTS, & LOGS

No cores and no drill stem tests are planned. Dual LatroLog - GR logs will be run from TD to base of surface casing. Compensated Neutron - Litho Density - GR logs will be run from TD up hole $\approx 2,500'$. Sonic Log - GR will be run from TD to base of surface casing.

7. DOWN HOLE CONDITIONS

No hydrogen sulfide or abnormal temperatures or pressures are expected. Maximum bottom hole pressure will be $\approx 3,075$ psi. Hole deviation will be $\leq 1^\circ$ to 500'. Directional surveys will be taken as needed and at TD.

8. OTHER INFORMATION

Call BLM at (435) 587-1525 and the Utah Division of Oil, Gas, & Mining at (801 538-5340) before spudding. The anticipated spud date is October 15, 2003. It will take ≈ 3 weeks to drill and ≈ 2 weeks to complete the well.

Call BLM and the UDOGM before plugging and abandoning the well.

ST Oil Company
Federal 2-31
2032' FSL & 908' FWL
Sec. 31, T. 30 S., R. 24 E.
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Surface Use Plan

1. DIRECTIONS (See PAGES 12 - 14)

From Monticello, go North \approx 20 miles on US 191 to Mile Post \approx 91.4
Then turn right onto paved County Road 2448/113 and go East \approx 2.1 miles
Then turn right after a cattle guard and before Hatch Wash
Go South \approx 1.0 mile to south side of ST's existing Federal 1-31 well

Roads will be maintained to a standard at least equal to their present condition. Access is all on public roads, right-of-way UTU-80226, or on lease.

2. ROAD WORK

No new road is needed. Existing road will be crowned, ditched, and puddles drained. If production results, then existing road will be upgraded to all weather BLM standards.

3. EXISTING WELLS (See PAGE 14)

There are two oil or gas wells within a mile radius. There are no existing water or injection wells within a mile.

4. PROPOSED PRODUCTION FACILITIES

A well head, pump, separator, and tank battery will be installed. All will be painted a flat Carlsbad tan or juniper green color. Tanks will be surrounded by an impermeable dike with sufficient capacity to hold 150% of the volume of the largest tank within the dike.

ST Oil Company
Federal 2-31
2032' FSL & 908' FWL
Sec. 31, T. 30 S., R. 24 E.
San Juan County, Utah

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5. WATER SUPPLY

ST's water hauler will truck water from Jim Blankenagel's permitted (05-570) water source in SWNW 7-29s-24e.

6. CONSTRUCTION MATERIALS & METHODS (See PAGES 16 & 17)

Dirt contractor will call BLM at (435) 587-1525 at least 48 hours before starting construction. The top 6" of soil and brush will be stripped and stockpiled south and west of the pad. A ditch will be cut along the east side and south sides of the pad.

BLM will inspect the reserve pit after it is constructed to determine if a pit liner is needed. If lining is needed, the reserve pit will be lined with a ≥ 12 mil liner or at least 24 tons of commercial bentonite worked into 3:1 slopes. No liquid hydrocarbons will be discharged to the pit, pad, or road. Should hydrocarbons escape, they will be cleaned up and removed within 48 hours. Pit top will be netted.

The pit will be fenced 48" high on 3 sides with 32" high woven wire topped with 2 smooth wire stands 4" and 16" above the woven wire. Steel posts will be set $\approx 16.5'$ apart. Corner posts will be $\geq 6"$ O. D. wood and anchored with a dead man. The fourth side will be fenced the same when drilling stops. The fence will be kept in good repair while the pit dries.

7. WASTE DISPOSAL

Once dry, contents of the reserve pit will be buried in place. Human waste will be disposed of in chemical toilets, which will be hauled to a state approved dump station. All trash will be placed in a portable trash cage. It will be hauled to the county landfill. There will be no trash burial or burning.

ST Oil Company
Federal 2-31
2032' FSL & 908' FWL
Sec. 31, T. 30 S., R. 24 E.
San Juan County, Utah

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8. ANCILLARY FACILITIES

There will be no air strips or camps. Camper trailers may be on location for the company man, tool pusher, and mud loggers.

9. WELL SITE LAYOUT

See PAGES 15 and 16 for depictions of the well pad, cross section, cut and fill diagram, reserve pit, trash cage, access onto the location, parking, living facilities, and rig orientation.

10. RECLAMATION & REVEGETATION

Upon completion of drilling, the well site will be cleared of all debris, material, and junk not needed for production.

Reclamation will start when the reserve pit is dry. All areas not needed for production will be back filled, contoured to natural contours, and reserved topsoil and brush spread. If the well is a producer, then enough topsoil will be saved to reclaim the rest of the pad. The topsoil pile and all reclaimed areas will be broadcast seeded between October 1 and February 28 with the following mix. Sown areas will be left rough and lightly harrowed (≈ 4 " deep) after seeding.

4 lb/ac alkali sacaton
4 lb/ac four wing saltbush
4 lb/ac scarlet globe mallow

11. SURFACE OWNER

All construction is on lease and on BLM.

ST Oil Company
Federal 2-31
2032' FSL & 908' FWL
Sec. 31, T. 30 S., R. 24 E.
San Juan County, Utah

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12. OTHER INFORMATION

The nearest hospital is a half hour drive away in Monticello. It is 3 blocks northwest of the intersection of US 666/491 and US 191. Hospital phone number is (435) 587-2116. Or dial 1-800-332-1911 from anywhere in the county. Give the operator the latitude and longitude (see section plat (which is the second page of the APD)) of the well.

Archaeology report CASA 04-147 was submitted on December 10, 2004.

This APD is also an application for approval of an exception location. It is 48' too far east. I am requesting an exception because of geology and topography. The location is based on seismic data, results from ST's adjacent (211' northeast) 1-31 well, and an arroyo to the west.

The well is staked at 2032' FSL & 908' FWL on a 479.78 acre BLM lease. ST is requesting permission to drill at 2032' FSL & 908' FWL 31-30s-24e. This is the only Ismay or No Name Shale oil or gas well, existing or planned, in the quarter-quarter. (The 1-31 will not be completed in the Ismay or no Name Shale zones.) All wells within a mile are ST wells. Closest lease (UTU-76559) line is 608' north. ST is the owner of that lease and all drilling units within a minimum 908' radius of the proposed exception. Three of the 8 offset quarter-quarters are part of the same ST lease. The drilling unit (NESW Sec. 31) toward which the well encroaches is part of the same ST lease.

13. REPRESENTATION & CERTIFICATION

Anyone having questions concerning the APD should call:

Brian Wood, Consultant
Permits West, Inc.
37 Verano Loop
Santa Fe, NM 87508
(505) 466-8120

FAX: (505) 466-9682

Cellular: (505) 699-2276

ST Oil Company
Federal 2-31
2032' FSL & 908' FWL
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San Juan County, Utah

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The company representative is:

Rich Ferris
ST Oil Company
1801 Broadway, Suite 600
Denver, Co. 80202
(303) 296-1908

FAX: (303) 296-0329

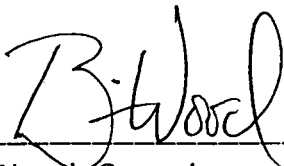
Cellular: (303) 618-2925

The on site drilling and production representative will be Randy Shelton.

Office: (435) 678-2169 Cellular: (435) 459-1027

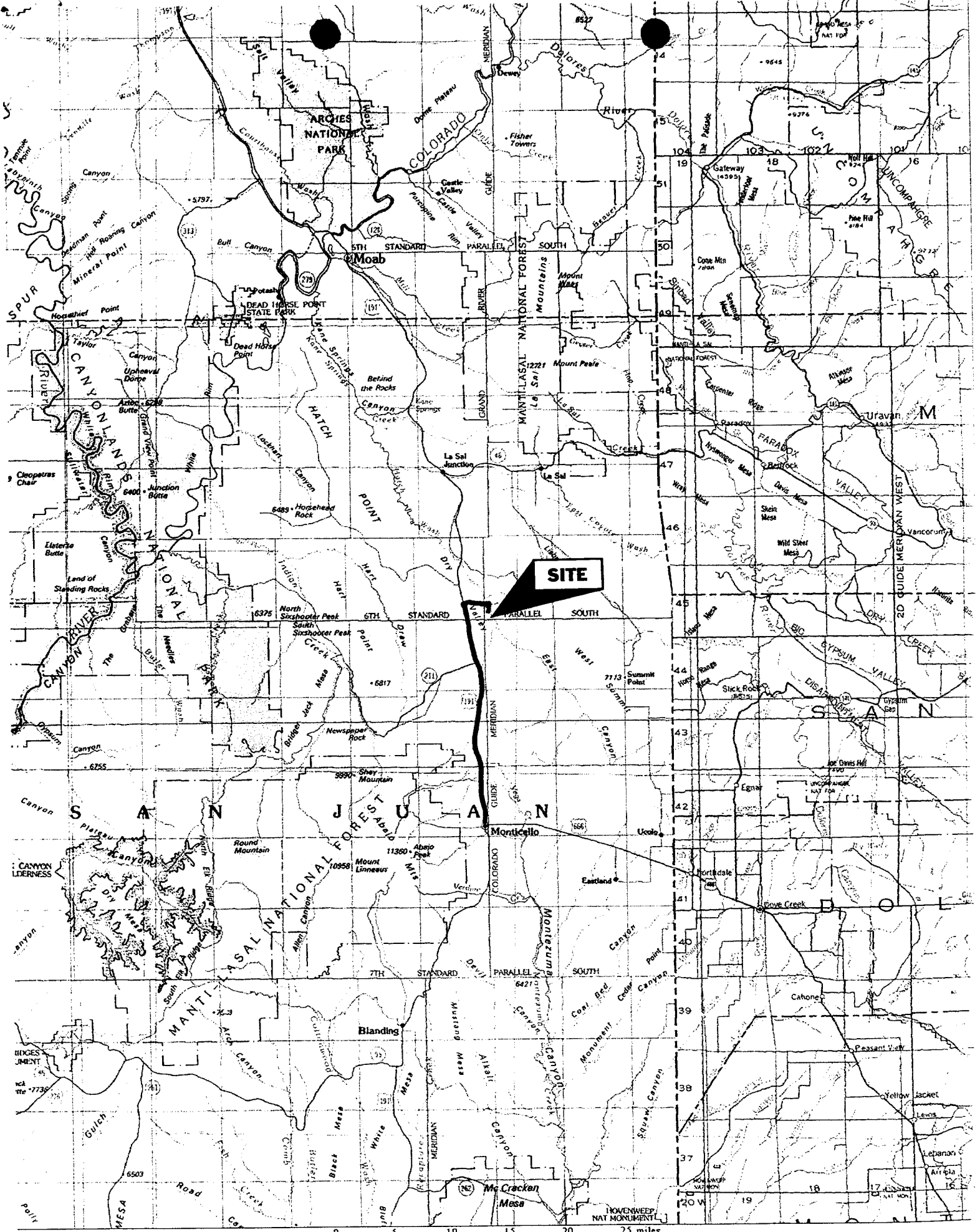
ST Oil Company is considered to be the operator of the Federal 2-31 well in the NWSW 31-30s-24e, Lease UTU-76772, San Juan County, Utah, and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands. Bond (lease bond #UTB000055 is on file with BLM in Salt Lake) coverage for this well will be provided via surety consent as provided for in 43 CFR 3104.2. BLM will hold the aforementioned operator and bond liable until the provisions of 43 CFR 3106.7-2 continuing responsibility are met.

I hereby certify ST Oil Company has the necessary consents from the proper lease and unit interest owners to conduct lease operations in conjunction with this APD. Bond coverage *per* 43 CFR 3104 for lease activities will be provided by ST Oil Company I hereby certify I have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by ST Oil Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U. S. C. 1001 for the filing of a false statement.



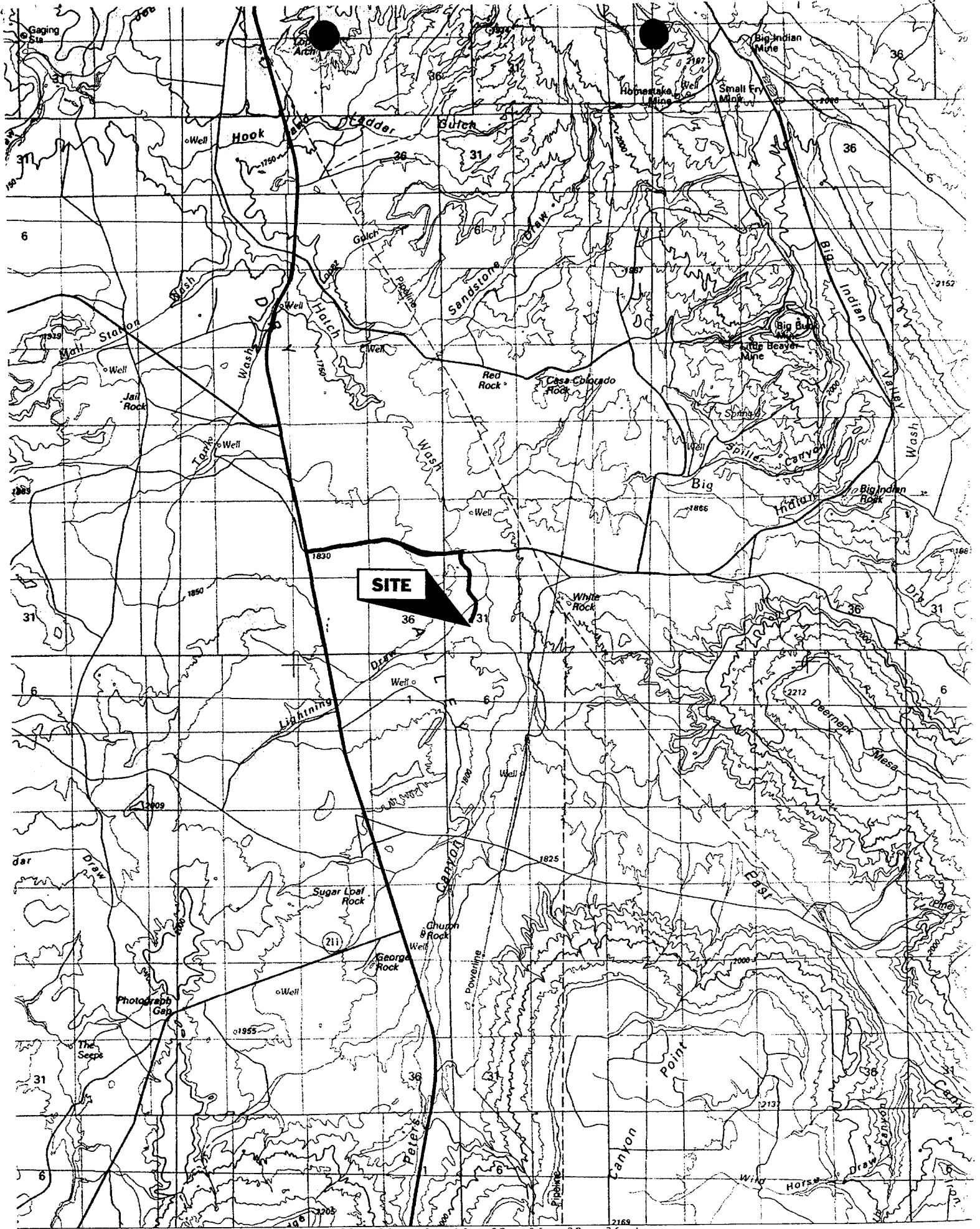
Brian Wood, Consultant

December 18, 2004



N
MN
12°

0 5 10 15 20 25 miles
0 5 10 15 20 25 30 35 40 km
Map created with TOPOID ©2003 National Geographic (www.nationalgeographic.com/topo)

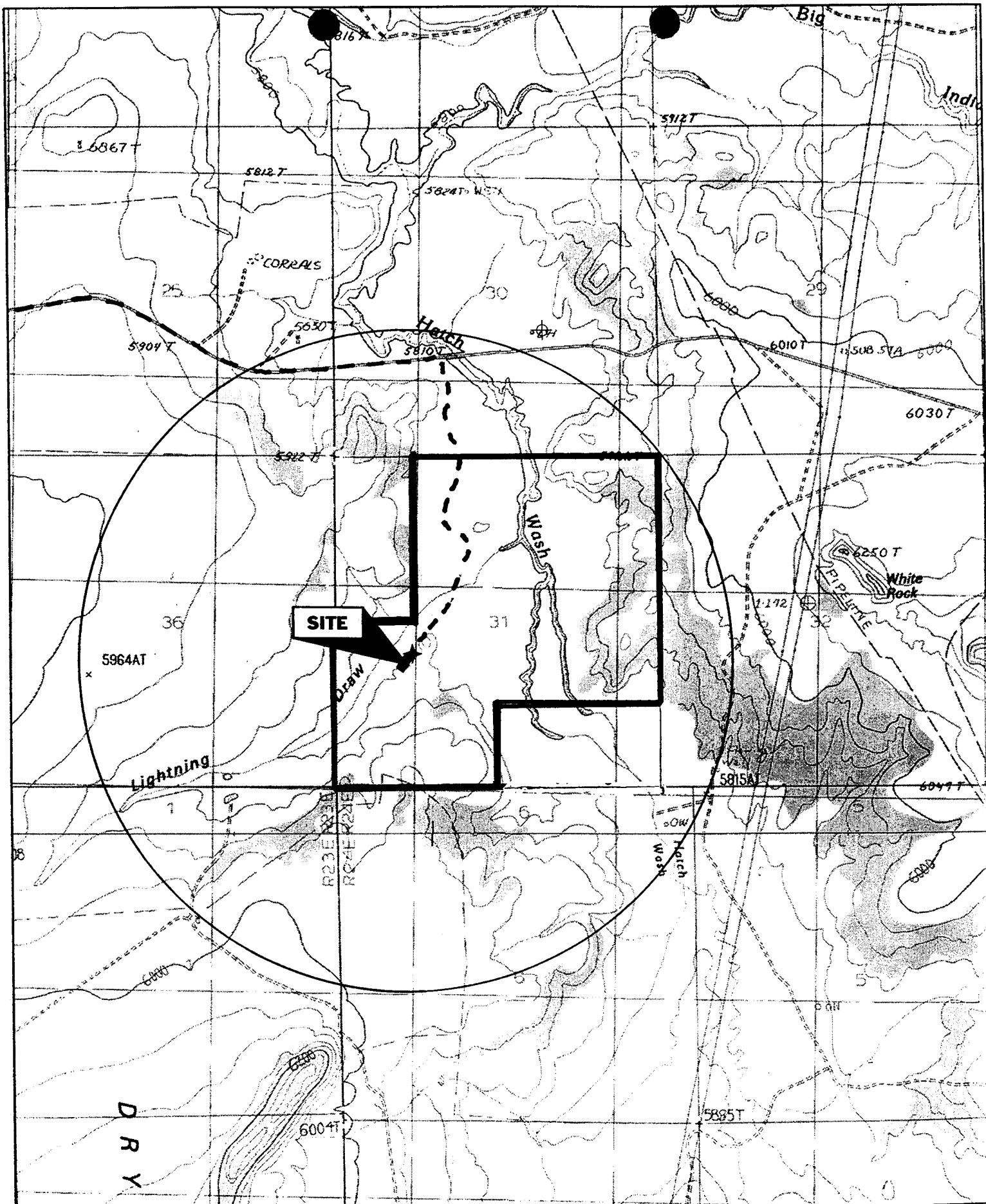


SITE

N
MN
12°

0.0 0.5 1.0 1.5 2.0 2.5 3.0 3.5 miles
0 1 2 3 4 5 km

Map created with TOPO® ©2003 National Geographic (www.nationalgeographic.com/topo)



Name: SANDSTONE DRAW
 Date: 10/20/2004
 Scale: 1 inch equals 2000 feet

Location: 038.1349372° N 109.3300555° W
 Caption: 31, 30S-24E

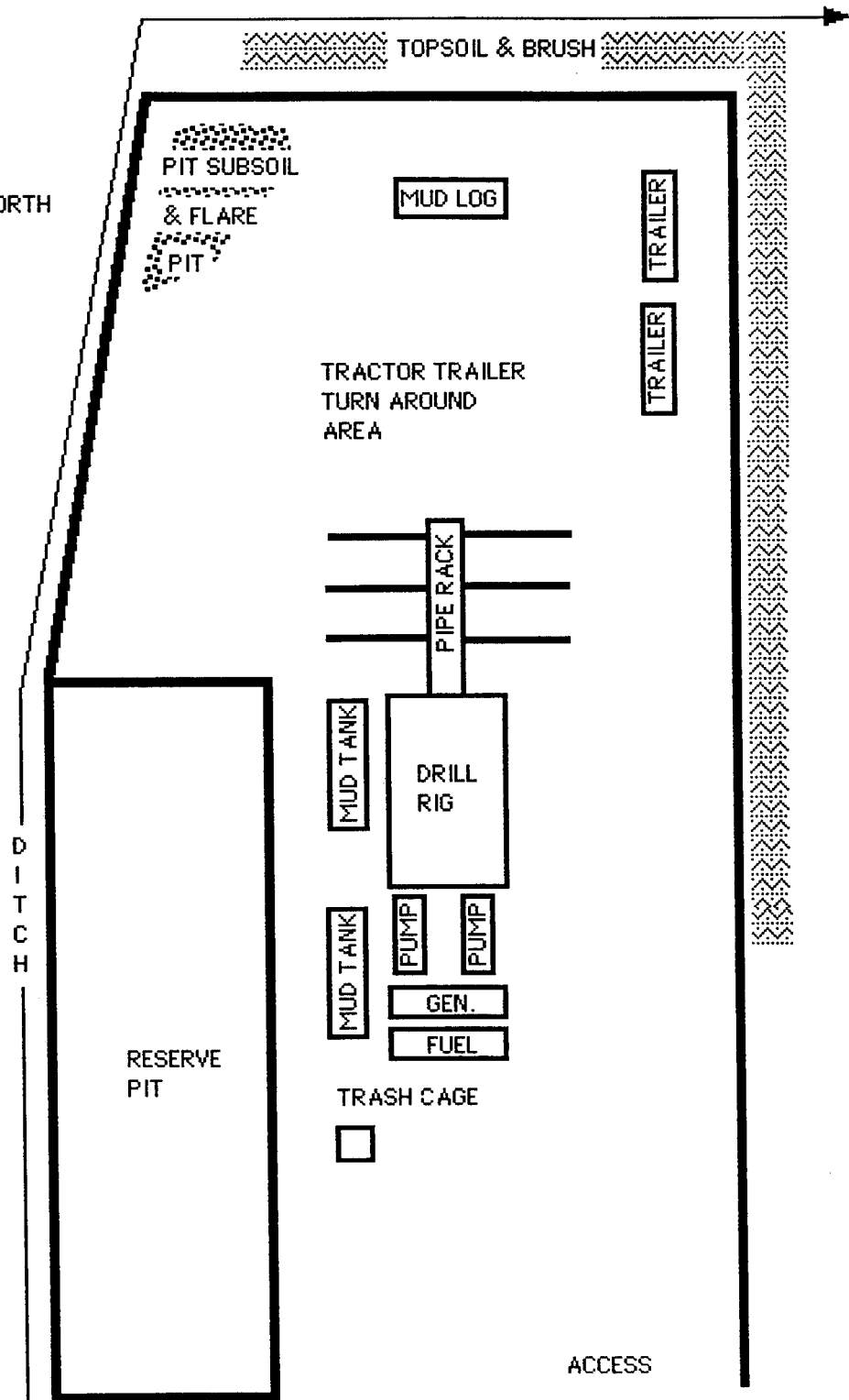
ST Oil Company
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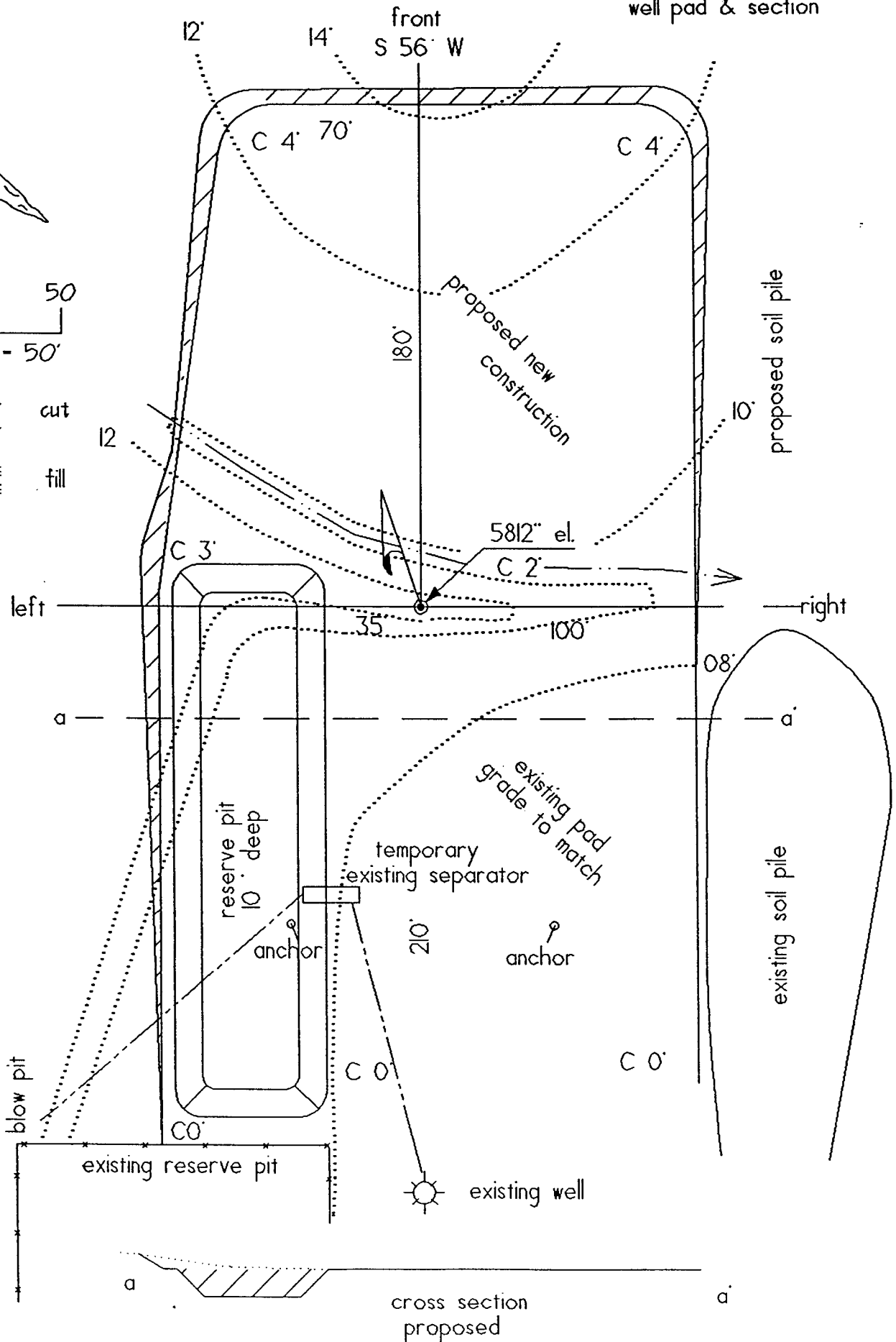
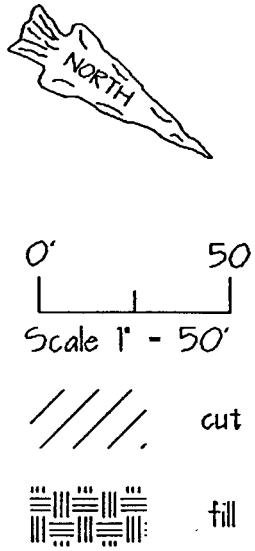
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1" \approx 50'

NORTH





WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 12/27/2004

API NO. ASSIGNED: 43-037-31774

WELL NAME: FEDERAL 2-31

OPERATOR: ST OIL COMPANY (N2190)

CONTACT: BRIAN WOOD

PHONE NUMBER: 505-466-8120

PROPOSED LOCATION:

NWSW 31 300S 240E

SURFACE: 2032 FSL 0908 FWL

BOTTOM: 2032 FSL 0908 FWL

SAN JUAN

WILDCAT (1)

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-076772

SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: CMYRK

COALBED METHANE WELL? NO

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LATITUDE: 38.13265

LONGITUDE: -109.3356

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Fed[1] Ind[] Sta[] Fee[]
(No. UTB000055)
☒ Potash (Y/N)
☒ Oil Shale 190-5 (B) or 190-3 or 190-13
☒ Water Permit
(No. 05-570)
☒ RDCC Review (Y/N)
(Date:)
☒ Fee Surf Agreement (Y/N)

LOCATION AND SITING:

R649-2-3.

Unit

R649-3-2. General

Siting: 460 From Qtr/Qtr & 920' Between Wells

☒ R649-3-3. Exception

Drilling Unit

Board Cause No:

Eff Date:

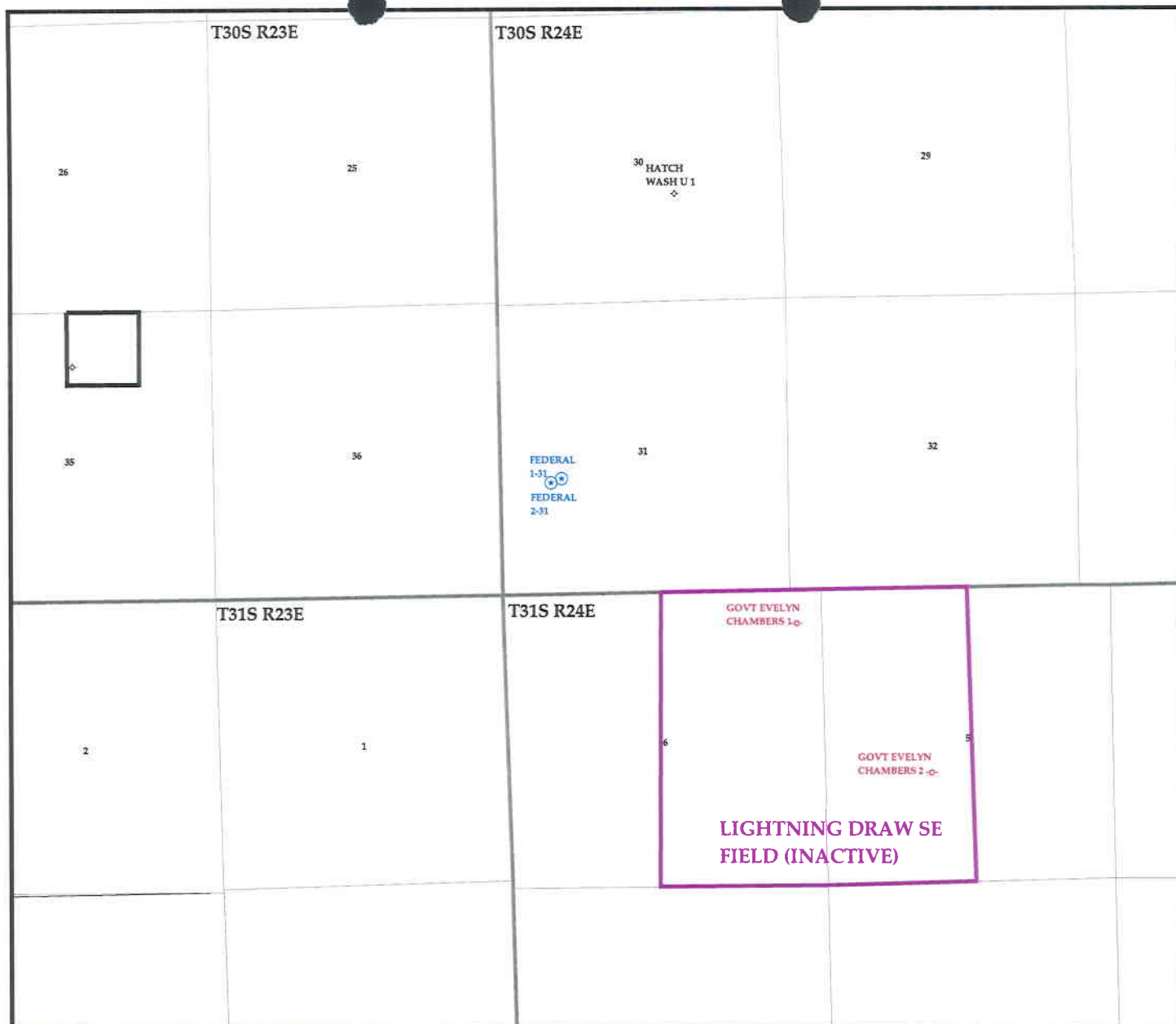
Siting:

R649-3-11. Directional Drill

COMMENTS:

STIPULATIONS:

1- Federal Approved
2- Spacing Strip



OPERATOR: ST OIL COMPANY (N2190)

SEC. 31 T.30S R.24E

FIELD: WILDCAT (001)

COUNTY: SAN JUAN

SPACING: R649-3-3 / EXCEPTION LOCATION



Utah Oil Gas and Mining

Wells

- ✂ GAS INJECTION
- ✱ GAS STORAGE
- × LOCATION ABANDONED
- ⊕ NEW LOCATION
- ⬢ PLUGGED & ABANDONED
- ✱ PRODUCING GAS
- PRODUCING OIL
- ✱ SHUT-IN GAS
- ✱ SHUT-IN OIL
- ✱ TEMP. ABANDONED
- TEST WELL
- ▲ WATER INJECTION
- ◆ WATER SUPPLY
- ♠ WATER DISPOSAL

Units.shp

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Fields.shp

- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED



PREPARED BY: DIANA WHITNEY
DATE: 28-DECEMBER-2004



State of Utah

Department of
Natural Resources

ROBERT L. MORGAN
Executive Director

Division of
Oil, Gas & Mining

MARY ANN WRIGHT
Acting Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

December 28, 2004

St Oil Company
1801 Broadway, Suite 600
Denver, CO 80202

Re: Federal 2-31 Well, 2032' FSL, 908' FWL, NW SW, Sec. 31, T. 30 South,
R. 24 East, San Juan County, Utah

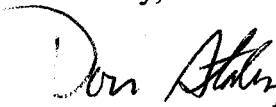
Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-037-31774.

Sincerely,


for John R. Baza
Associate Director

pab
Enclosures

cc: San Juan County Assessor
Bureau of Land Management, Moab District Office

Operator: St Oil Company
Well Name & Number Federal 2-31
API Number: 43-037-31774
Lease: UTU-076772

Location: NW SW Sec. 31 T. 30 South R. 24 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

005

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

RECEIVED
BUREAU OF LAND MANAGEMENT

5. Lease Serial No. **UTU-076772** **2004 DEC 27 P 1:37**

6. If Indian, Allottee or Tribe Name
N/A

7. If Unit or CA Agreement, Name and No.
N/A

8. Lease Name and Well No.
FEDERAL 2-31

9. API Well No.
43-037- 31774

10. Field and Pool, or Exploratory
WILCAT (Ismay & No Name Shale)

11. Sec., T. R. M. or Blk. and Survey or Area
31-30S-24E SLM

12. County or Parish
SAN JUAN

13. State
UT

1a. Type of work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☒ Multiple Zone

2. Name of Operator
ST OIL COMPANY

3a. Address **1801 BROADWAY, SUITE 600
DENVER, CO 80202**

3b. Phone No. (include area code)
(303) 296-1908

4. Location of Well (Report location clearly and in accordance with any State requirements.)
At surface **2032 FSL & 908 FWL NWSW**
At proposed prod. zone **SAME**

14. Distance in miles and direction from nearest town or post office*
20 AIR MILES NORTH OF MONTICELLO

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) **608'**

16. No. of acres in lease
479.78

17. Spacing Unit dedicated to this well
LOT 3 (= NWSW)

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. **211' (ST's 1-31)**

19. Proposed Depth
7,150'

20. BLM/BIA Bond No. on file
BLM LEASE WIDE UTB000055

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
5,812' GL

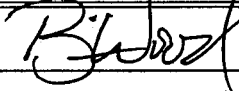
22. Approximate date work will start*
02/01/2005

23. Estimated duration
5 WEEKS


24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature  Name (Printed/Typed) **BRIAN WOOD** Date **12/18/2004**

Title **CONSULTANT** PHONE: (505) 466-8120 FAX: (505) 466-9682

Approved by (Signature)  Name (Printed/Typed) **Lynn Jackson** Date **5/4/05**

Title **ACTING Assistant Field Manager** Office **Division of Resources**

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

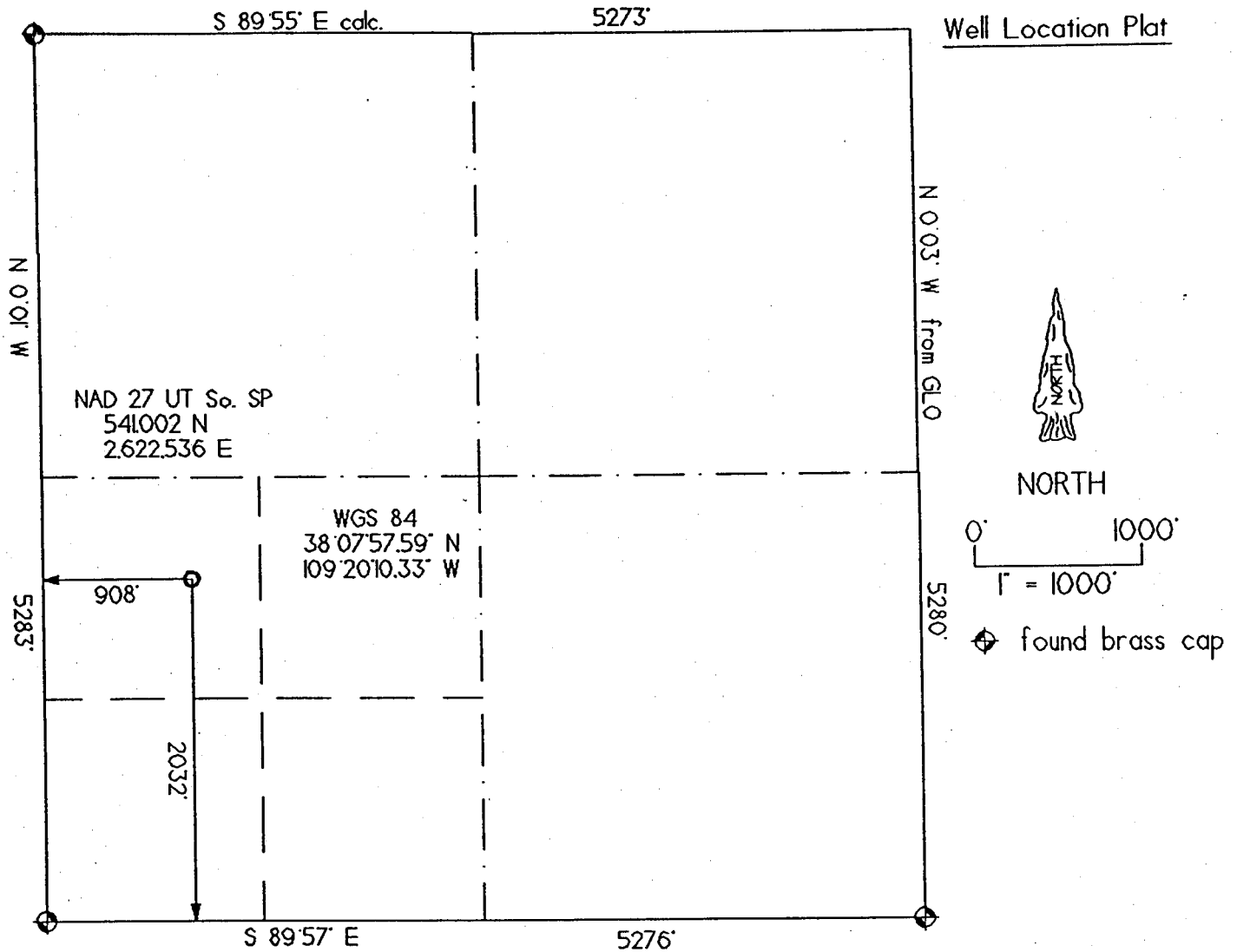
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

CONFIDENTIAL - TIGHT HOLE

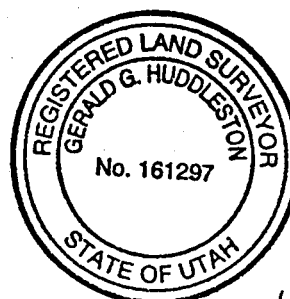
CONDITIONS OF APPROVAL ATTACHED

RECEIVED
MAY 09 2005
DIV. OF OIL, GAS & MINING



Well Location Description

ST OIL COMPANY
Federal 2 - 31
2032' FSL & 908' FWL
Section 31, T.30 S., R.24 E., SLM
San Juan County, UT
5812' grd. el. (from GPS)



10/18/04

Gerald G. Huddleston
Gerald G. Huddleston, LS

The above is true and correct to my knowledge and belief.

HUDDLESTON LAND SURVEYING - BOX KK - CORTEZ, CO - (970) 565 -3330

ST Oil Company
Federal 2-31
Lease U-76772
NW/SW Section 31, T30S, R24E
San Juan County, Utah

A COMPLETE COPY OF THIS PERMIT SHALL BE KEPT ON LOCATION from the beginning of site construction through well completion, and shall be available to contractors to ensure compliance.

CONDITIONS OF APPROVAL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Be advised that ST Oil Company is considered to be the operator of the above well and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by UTB000055 (Principal – ST Oil Company) via surety consent as provided for in 43 CFR 3104.2.

This office will hold the aforementioned operator and bond liable until the provisions of 43 CFR 3106.7-2 continuing responsibility are met.

This permit will be valid for a period of one year from the date of approval. After permit termination, a new application must be filed for approval.

All lease operations will be conducted in full compliance with applicable regulations (43 CFR 3100), Onshore Oil and Gas Orders, lease terms, notices to lessees, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors.

A. DRILLING PROGRAM

1. Concurrent approval from the State of Utah, Division of Oil, Gas & Mining (DOGM) is required before conducting any surface disturbing activities.
2. The proposed 3M BOPE is adequate for anticipated conditions. Installation, testing and operation of the system shall be in conformance with Onshore Oil and Gas Order No. 2.
3. If production casing cement does not circulate to surface, a cement bond log (CBL), or other appropriate tool for determining top-of-cement, shall be run and shall be submitted to BLM.

B. SURFACE

No additional surface stipulations.

C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, attached.

Building Location- Notify the Price Field Office at least 48-hours prior to commencing construction of location.

Spud- Notify the Price Field Office 24-hours prior to spudding. Submit written notification of spud (Sundry Notice, Form 3160-5) to the Moab Field Office within 24-hours after spudding, regardless of whether spud was made with a dry hole digger or big rig.

Daily Drilling Reports- Daily drilling reports that describe the progress and status of the well shall be submitted to the Moab Field Office on a weekly basis. This report may be in any format customarily used by the operator.

Oil and Gas Operations Reports (OGORs)- Production from this well shall be reported to Minerals Management Service (MMS) on a monthly basis.

Sundry Notices- Any modification to the proposed drilling program shall be submitted to the Moab Field Office on a Sundry Notice (Form 3160-5). Regulations at 43 CFR 3162.3-2 describe which operations require prior approval, and which require notification.

Drilling Suspensions- Operations authorized by this permit shall not be suspended for more than 30 days without prior approval of the Moab Field Office. All conditions of this approval shall be applicable during any operations conducted with a replacement rig.

Undesirable Events- Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be immediately reported to the BLM in accordance with requirements of NTL-3A.

Cultural Resources- If cultural resources are discovered during construction, immediately notify the Price Field Office, and work that might disturb the cultural resources shall cease.

First Production- A first production conference will be scheduled as soon as the productivity of the well is apparent. This conference should be coordinated through the Price Field Office.

Notify the Moab Field Office when the well is placed into production. Initial notification may be verbal, but must be confirmed in writing within five business days. Please include the date production started, the producing formation and production volumes.

Well Completion Report- Whether the well is completed as a dry hole or as a producer, a *Well Completion or Recompletion Report and Log* (Form 3160-4) shall be submitted to the Moab Field Office within thirty-days after completion of the well. Two copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. When requested, samples (cuttings and/or samples) will be submitted to the Moab Field Office.

Venting/Flaring of Gas- Gas produced from this well may not be vented/flared beyond an initial, authorized test period of 30 days or 50 MMcf, whichever first occurs, without the prior, written approval of the Moab Field Office. Should gas be vented or flared without approval beyond the authorized test period, the well may be ordered to be shut-in until the gas can be captured or until approval to continue the venting/flaring pursuant to NTL-4A is granted. Compensation shall be due for gas that is vented/flared without approval.

Produced Water- An application for approval of a permanent disposal method and location will be submitted to the Moab Field Office for approval pursuant to Onshore Oil and Gas Order No.7.

Off-Lease Measurement, Storage, Commingling- Prior approval must be obtained from the Moab Field Office for off-lease measurement, off-lease storage and/or commingling of production prior to the sales measurement point. The term "commingling" describes both the combining of production from different geologic zones and/or combining production from different leases or agreement areas.

Plugging and Abandonment- If the well is a dry hole, plugging instructions must be obtained from the Moab Field Office prior to initiating plugging operations.

A "Subsequent Report of Abandonment" (Sundry Notice, Form 3160-5) will be filed with the Moab Field Office within thirty-days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR 3162.6. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Price Field Office or the appropriate surface managing agency.

TABLE 1

NOTIFICATIONS

Notify Jeff Brown (435-587-1525) BLM Monticello Field Office for the following:

2 days prior to commencement of dirt work, construction and reclamation;

1 day prior to spudding;

50 feet prior to reaching the surface casing setting depth;

3 hours prior to testing BOPE.

If the person at the above number cannot be reached, notify the BLM Moab Field Office at 435-259-2100.

Well abandonment operations require 24-hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained from:

Eric Jones, Petroleum Engineer

Office: 435-259-2117

Home: 435-259-2214

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator **ST OIL COMPANY**

3a. Address
1801 BROADWAY, SUITE 600, DENVER, CO 80202

3b. Phone No. (include area code)
303 296-1908

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
2032' FSL & 908' FWL 31-30S-24E SLM

5. Lease Serial No.
UTU-076772

6. If Indian, Allottee or Tribe Name
N/A

7. If Unit or CA/Agreement, Name and/or No.
N/A

8. Well Name and No.
FEDERAL 2-31

9. API Well No.
43-037-31774

10. Field and Pool, or Exploratory Area
WILDCAT

11. County or Parish, State
SAN JUAN COUNTY, UT

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other RENEW APD
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

PLEASE EXTEND APPROVAL FOR ONE YEAR.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: **02-13-06**
By: *[Signature]*

cc: BLM, Ferris, UDOGM

SENT TO OPERATOR
Date: **2-21-06**
By: *[Signature]*

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

BRIAN WOOD (PHONE 505 466-8120)

Title **CONSULTANT**

(FAX 505 466-9682)

Signature

Date

02/04/2006

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title

Date

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

RECEIVED

FEB 07 2006

DIV. OF OIL, GAS & MINING

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 43-037-31774
Well Name: FEDERAL 2-31
Location: NWSW 31-30S-24E, SAN JUAN COUNTY
Company Permit Issued to: ST OIL COMPANY
Date Original Permit Issued: 2005
4

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☐ N/A

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒

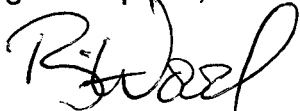
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐


Signature

2/4/2006
Date

Title: Consultant

Representing: Yates Petroleum Corporation

RECEIVED

FEB 07 2006

DIV. OF OIL, GAS & MINING

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

CONFIDENTIAL

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS
**Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.**

5. Lease Serial No.
UTU-076772

6. If Indian, Allottee or Tribe Name
N/A

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
ST OIL COMPANY

3a. Address
1801 BROADWAY, SUITE 600, DENVER, CO 80202

3b. Phone No. (include area code)
303-296-1908

7. If Unit of CA/Agreement, Name and/or No.
N/A

8. Well Name and No.
FEDERAL 2-31

9. API Well No.
43-037-31774

10. Field and Pool or Exploratory Area
WILDCAT

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
2032' FSL & 908' FWL 31-30S-24E, SLM

11. Country or Parish, State
SAN JUAN COUNTY, UT

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>RENEW APD</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

PLEASE EXTEND APD FOR ONE YEAR.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 03-20-07
By: [Signature]

CC: BLM, UDOGM, FERRIS

COPY SENT TO OPERATOR
Date: 3-21-07
Initials: PM

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)
KITTY WOOD (505-466-8120)

Title CONSULTANT

Signature

Date 03/16/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

RECEIVED

MAR 19 2007

DIV. OF OIL, GAS & MINING

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 49-037-31774
Well Name: FEDERAL 2-31
Location: NWSW 31-30S-924E
Company Permit Issued to: ST OIL COMPANY
Date Original Permit Issued: ~~2/21/2005~~
12/28/04

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☐ N/A

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒

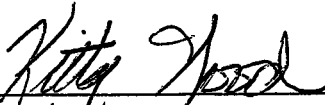
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐



Signature

3/16/2007

Date

Title: CONSULTANT

Representing: ST OIL COMPANY

RECEIVED

MAR 19 2007

DIV. OF OIL, GAS & MINING



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

April 30, 2008

Brian Wood
St Oil Company
1801 Broadway, Suite 600
Denver, CO 80202

Re: APD Rescinded – Federal 2-31 Sec. 31, T. 30S, R.24E San Juan, Utah
API No. 43-037-31774

Dear Mr. Wood:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (the Division) on December 28, 2004. On February 13, 2006 and on March 20, 2007 the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill this well is hereby rescinded, effective April 30, 2008.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject locations.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Moab

